



DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
(FINANCIAL MANAGEMENT AND COMPTROLLER)  
1000 NAVY PENTAGON  
WASHINGTON, DC 20350-1000

SEP 4 2002

MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE

Subj: MERCHANT CATEGORY CODES

Encl: (1) Blocked Merchant Category Codes with Posted  
Transactions  
(2) Questionable Open Merchant Category Codes

Ongoing General Accounting Office (GAO) reviews of the Department of the Navy (DON) travel card program have raised concerns with Merchant Category Codes (MCCs). There appears to be a series of MCCs that, based on description and classification of services found in card association publications, clearly are not appropriate for use in conjunction with the government travel card.

The blocking of MCCs with descriptions for services clearly not appropriate for use with a government travel card was intended to be a risk mitigation tool available to the Department of Defense (DoD) to help prevent misuse of the travel card. Discussions with your staff indicate many of the non-travel related MCCs are closed; however, preliminary GAO findings indicate transactions with closed MCCs continue to be processed. A listing of these MCCs is provided as enclosure (1). I am requesting your assistance in obtaining from the travel card contractor an explanation as to how these transactions are being authorized.

There is also another series of MCCs open to all DoD government travel cardholders that have very broad classifications. Although some merchants under these MCCs may provide goods or services that would represent a proper government expense, these expenses will only be incurred by a small population of travelers. I am requesting your program office review the MCCs provided in enclosure (2) for appropriateness and the possibility of closing these MCCs for the government travel card. For DON personnel requiring to make charges at merchants classified under these MCCs, a government purchase card should be used for these services.

Subj: MERCHANT CATEGORY CODES

The GAO review has also identified cases where merchants, based upon their primary source of business, appear to be improperly classified with the charge card associations. Please have your program office review the specific examples in the GAO review and implement a plan to eliminate this type of improper classification in the future.

I appreciate your assistance in these matters and in our continued efforts to improve management of the government travel card program. My point of contact is Mr. David McDermott, who can be reached at (202) 685-6719 or via e-mail at [mcdermott.david@fmo.navy.mil](mailto:mcdermott.david@fmo.navy.mil).



DIONEL M. AVILES  
Assistant Secretary of the Navy  
(Financial Management and Comptroller)

Copy to:

C)  
FM&C)  
ASAF (FM&C)

# BLOCKED MERCHANT CATEGORY CODES WITH POSTED TRANSACTIONS

MCC Code	MCC Description
5511	AUTO + TRUCK DLRS NEW + USED SALES SVC PARTS
5712	FURNITURE HOME FURNISH + EQUIP EXCL APPLIANCES
5732	ELECTRONIC SALES
5941	SPORTING GOODS STORES
5942	BOOK STORES
5944	JEWELRY-WATCHES CLOCKS AND SILVERWARE STORES
5945	HOBBY TOY AND GAME SHOPS
5947	GIFT CARD NOVELTY AND SOUVENIR SHOPS
5964	DIRECT MARKETING-CATALOG MERCHANTS
5999	MISCELLANEOUS AND SPECIALTY RETAIL STORES
7995	BETTING-INCL LOTTERY, GAMING CHIPS, TRACK WAGERS

# QUESTIONABLE OPEN MERCHANT CATEGORY CODES

## MCC Code MCC Description

0742	VETERINARY SERVICES
4411	CRUISE LINES
4457	BOAT RENTALS AND BOAT LEASES
4722	TRAVEL AGENCIES AND TOUR OPERATORS
5813	DRINKING PLACES-BARS-TAVERNS-NITECLB-LOUNGE-DISCO
5969	DIRECT MARKETING-OTHER DIRECT MARKETERS-NOT ELSEW.
7299	OTHER SERVICES (NOT ELSEWHERE CLASSIFIED)
7538	AUTOMOTIVE SERVICE SHOPS
7922	THEATRICAL PRODUCERS-EXCL MOTION PIX TICKET AGENCY
7999	RECREATION SERVICES (NOT ELSEWHERE CLASSIFIED)
8220	COLLEGES, UNIV, PRO SCHOOLS, JUNIOR COLLEGES
8398	CHARITABLE AND SOCIAL SERVICE ORGANIZATIONS
8931	ACCOUNTING AUDITING AND BOOKKEEPING SERVICES
8999	PROFESSIONAL SERVICES-NOT ELSEWHERE CLASSIFIED

Enclosure (2)